

DATE: November 15, 2007

SUBJECT: Status of Audit Committee

ACTION RECOMMENDED: Information

BACKGROUND INFORMATION: The creation of an audit committee was required under Public Chapter 310, known as the “State of Tennessee Audit Committee Act of 2005.” The audit committee has authority to conduct or authorize investigations into any matter within its scope of responsibility.

The last meeting of the Audit Committee was on July 26, 2007. The purpose of the meeting was to review the risk assessment process and interview various THEC staff to verify the results. This activity concluded the first year cycle of the Audit Committee’s responsibilities, which included the establishment of the following:

- Audit Committee Charter
- Employee Code of Conduct
- Method to report Fraud, Waste, and Abuse
- Employee Outside Employment Policy
- Employee Conflict of Interest Policy for all THEC staff
- Risk Assessment Process

In addition, Audit Committee members participated in interviews and meetings with the Division of State Audit relative to THEC’s Performance Audit and Financial and Compliance Audit.